

IN THE

United States Court of Appeals for the Ninth Circuit

WILLIAM T. ALVARADO SALES CO. and
SPEE-DEE CHECKOUT SYSTEMS, INC.,
Appellants,

vs.

SIDNEY S. RUBALOFF and ABRAHAM M. GROSS,
individually and doing business as
CHECK-A-MATIC CO., and
DU-MORE FIXTURE CO., INC.,
Appellees

PETITION FOR REHEARING

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PETITION FOR REHEARING

To the Honorable Stanley N. Barnes, Frederick G. Hamley and Gilbert H. Jertberg, Circuit Judges:

Appellants, William T. Alvarado Sales Co. and Spee-Dee Checkout Systems, Inc., hereby petition this Honorable Court that the above entitled cause be reheard and that the judgment of the Court entered therein on February 6, 1959 be set aside.

Certificate of counsel for appellants that in his judgment this petition is well founded and that it is not interposed for delay is filed herewith. Proof of service of this petition on counsel for appellees is also filed herewith.

Appellants state that the ground for this petition is the apparent creation and application by the Court of a new standard of invention which is not required or supported by statute or Supreme Court decisions and which is therefore improper. It is respectfully submitted that the facts of this case, as stated by this Court in its opinion, when measured against Supreme Court decisions, fully support and require a finding of validity of the patent in suit. More specifically it is submitted as grounds for this petition that the Court misinterpreted and misapplied the rules stated by the Supreme Court in the cases cited by this Court in support of its decision.¹

FACTS

In its opinion this Court found and stated the following facts which are accepted and relied upon by petitioners as pertinent and relevant to this petition. The facts are quoted in the order of their appearance in the Courts opinion, with emphasis added.

1. "The structure of the patented check stand is not complex."

2. "A support panel, constructed slightly above the quadrant of the turntable furthest from the customer and closest to the checker, *provides a convenient place* for the cash register. The left side of the support panel may also perform the additional function of acting as a stop for the articles being pur-

¹ The cases cited were General Electric Co. v. Jewel Co., 326 U. S. 242, 249; and Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp., 340 U. S. 147, 155.

chased. Provision is made for a separate stop bar
* * *."

3. "The use of a register support, *though not in the position and with all of the advantages shown in the George patent*, is taught in Bradley * * *."

4. "the arcuate movement of *the turntable conveys the articles transversely away from the customer and towards the checker. This tends to bring the articles within easy reach and vision of the checker and his conveniently located cash register. It also operates to reduce the likelihood that articles will be inadvertently or fraudulently passed by without checking.*"

5. "The prior art *which comes closest to having the same advantages is the Bradley patent* * * * to the extent that this is done (in Bradley) *the articles will come to a stop at a place which is less convenient for the checker.*"

6. "* * * we have described these check stands in general terms. Both appellants and appellees *will be able to suggest claimed advantages and disadvantages called to our attention* * * * (foot note). Appellants, for example, also contend that the discharge counter coacts in a novel manner with the register support panel."

7. "It is at once apparent, and the appellees concede, that *the George checkstand is useful. The completeness with which appellees have imitated the essential features of the George device is probably indicative of its superior qualities.*"

8. "To be sure, they (the components of the George check stand) *perform this same function differently, and perhaps better.*"

9. Notable by its absence is any finding that the prior art either teaches or suggests the combination claimed.

Appellants believe themselves justified in assuming from these comments that the Court has found that the George check stand is novel and that it provides conveniences and advantages (Fact 3) not provided by the closest prior art and is therefore an improvement over the prior art (Fact 5). Moreover, these advantages result from the novel relationship of the components of the George check stand and novel coaction between those components which causes them, acting in concert, to perform a generally old function in a specifically different and better manner (Facts 7 and 8). Affirmative anticipation by teaching of the prior art is ruled out by fact, or absence of Fact 9.

It is here pointed out that while the major components of the check stand, i. e., the turntable, discharge counter, and register support are generally old mechanisms as found by the Court; they are not and cannot be combined in their old form to achieve these novel results and advantages. The register support of Bradley would have to be modified to permit the turntable to rotate under its top panel and the square ended discharge counters of the prior art would have to be modified to conform to the periphery of the turntable. Thus the finding of a new combination necessarily includes a recognition, even though not expressed by the Court, of specifically novel details in components of the George check stand. This is submitted to constitute a recognition that there is specific novelty in detail and therefore overall novelty of the parts or components that were modified from their prior art form to make them workable in the new combination of George.

INVENTION IS MATTER OF LAW

As noted by the Court in its opinion, the question of whether or not a change in structure which results in different or additional functions constitutes an invention is a matter of law. The Court itself cites authority for this.

TEST OF INVENTION

What then is the test to be applied upon the facts found above? The Court has cited *The Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U. S. 147, 155. Bearing in mind that many factors commonly considered as necessary elements of a finding of invention and patentability are not in issue in this petition, the essential parts of the Supreme Court decision in the Supermarket case are submitted to be as follows:

“The mere aggregation of a number of old parts or *elements which, in the aggregation, perform or produce no new or different function or operation than that theretofore performed or produced by them, is not patentable invention.* * * * The conjunction or concert of known elements must contribute *something*; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable * * * but this is not a usual result of uniting elements old in mechanics. * * * Neither court below has made any finding that old elements which made up the device perform any additional or different function in the combination than they performed out of it. * * * A patent for a combination which only unites old elements with no change in their respective functions * * * obviously withdraws what already is known into the field of its monopoly * * *. The courts below concurred in finding that every element here

claimed * * * was known to the prior art. When for the first time, those elements were put to work *for the supermarket type stores, although each performed the same mechanical function* for them that it had been known to perform, they produced results more striking, perhaps, than in any previous utilization * * * but scores of progressive ideas in business are not patentable, and we conclude on the findings below (each element performing only its old function) that this is not one."

The Court also cited *General Electric Co. v. Jewel Co.*, 326 U. S. 242, 249. The relevant portions of the decision in that case, with emphasis added are submitted to be as follows:

"* * * the characteristic feature of the patented bulb is the fact that the interior surface is 'characterized by the presence of rounded as distinguished from sharp angular crevices.' It is that feature which is responsible for the bulb's strength. Now, *an electric bulb frosted on the inside was old in the art.* * * * Moreover, *it had long been known in the art that successive acid treatments of glass rounded out the sharp angular crevices* produced by the first etching. * * * in 1912 (prior art) *specifically described the application of successive etchings to electric bulbs.* * * * Wood (prior art) observed that successive acid treatments of glass rounded out the sharp angular crevices * * * and is useful for rendering lightbulbs (outside) of incandescent lamps diffusing * * * *Pepkin (patent in suit) found latent qualities in an old discovery and adopted it to a useful end* * * * *more than a new advantage of the product must be discovered* * * *."

The Jewel case last cited is least applicable to the present case and will be disposed of first. There all elements were old; outside and inside frosting of lamp bulbs, double

etching of glass generally and specifically to the outside of bulbs. The patentee merely substituted an old process (double etching) for another old process (single etching) on the inside of lamp bulbs. *The double etching did nothing new on the inside that it had not done on the outside of the bulb.*

In the present case not only are the old elements identified as the register support and discharge counter modified to fit in the new combination but a new coaction between them and the turntable and a new result therefrom have been recognized. To paraphrase the end of the last paragraph of the Supreme Court's decision, *more than a new advantage* of an (old) product *has been discovered*. The patentee George did more than perceive a new quality in an old product. For instance, George did not claim the old Bradley register support without change as Pepkin claimed the old double etch process simply because he, George, had recognized a latent but already present attribute of it. George devised a *modification* as well as a novel recombination of the old register support and arrived at a new combination producing a new result which was more than merely adding one old result to another. This, the Court has recognized. As far as the Jewel case is concerned the instant patentee has met the prescribed test and rather than supporting this Court's decision, the Jewel case refutes the decision and requires a reversal of the trial court.

The Supermarket case sets up the now famous test of 2 plus 2 equaling more than 4. This is really no more than the previously required test of a new and unsuggested coaction and cooperation between the elements of the combination. As has been pointed out above under "FACTS", this Court has already found such coaction and cooperation by its observations that: "the support panel

may also perform the *additional function* etc.” and “a register support *though not in the position and with all the advantages* shown in the George patent is old”, and the quoted statements relating to “new functions”, “more conveniences” and “superior qualities”. Where the Supreme Court based its decision in the Supermarket case on the fact that:

“Neither court below has made any finding that old elements which made up the device perform *any additional or different function* in the combination than they performed out of it.”

This Court has found and stated these “additional and different functions”.

It is respectfully submitted that the portions of the Supermarket decision quoted above at page (2) affirmatively require a reversal of the finding of no invention.

The error in this Court’s reasoning is submitted to lie in the detailed comparison and relative evaluation of the merits of the checkstand in suit and the prior art belt type stands. The Court compares relative conveniences under favorable and unfavorable circumstances and then attempts to establish some intangible minimum level or degree of improvement as a prerequisite for patentability and validity. The Court’s consideration of operators’ habits relative to use of the patented device is in itself error because if the patent provides an advantage under any condition the patentee is entitled to protect that advantage and no transient and variable human action removes the continuing availability of the advantage. The Court gives no test nor states any criteria for this hypothetical level. There is no authority or precedent for any such “level” in the Supreme Court decisions. The Supermarket case says only that there must be “some” improve-

ment and that the combination must contribute "something". Then provided that this "something" is the result of intercoaction and new cooperation, the question of patentability is answered affirmatively.

Not only is the test applied by this Court not supported or authorized but it would be ineffective and illogical from the standpoint of public policy. It would throw still another intangible and indefinite test or requirement into the already indefinite problem of determining patentability. The proposed question of "sufficient importance" is in the same category as "when is a string long or a knife sharp?". The answer can only be found in the mind of the judge and then could vary with each judge who might consider the case.

The test of relative importance is based on unstable ground in that it incorporates the variable factors of time and entirely separate economic and material developments. That is, an advantage which may appear small today may become very important tomorrow due to a scarcity of materials or labor. Vice versa, a major advantage today could become insignificant tomorrow. Under the reasoning of the Court's opinion no finding for or against a patent would be final because any party could logically apply for, and obtain from the same judge who ruled originally, a reversal of the original ruling based on different economic conditions.

The public would be seriously damaged by its inability to predict with any degree of certainty what patents would be sustained and litigants would gravitate to the court with a judge having a reputation as having a high or low level sense of the importance of developments, depending on the litigant's purpose.

An even more serious result of the adoption of such a test would be a definite reduction in the national creative effort as individual inventors and corporate research organizations relaxed or discontinued their efforts in the face of inability to protect any but developments of the greatest magnitude. In this way the very purpose of the patent system which is to bring to light meritorious developments would be defeated. It is submitted to be fair to state that major developments are based on many relative minor ones and if we stifle the minor developments, we stifle the major ones. Few individuals and certainly no private research organization would be willing to disclose and in effect give away developments which had cost large sums of money. Why should company X spend to achieve what may be found to be a relatively small improvement when company Y can pick up the improvement for nothing? The result would be that neither company would spend much on new development and the public could just get along on what was already available.

Nor is the adoption of this Court's test of "minimum level of importance" necessary to protect the public. The established test of new coaction of elements and of an end result greater than the sum of the results of the components of the combination fully protects the public. The requirement in the Supermarket case that the new combination contribute "something" assures that the public gets something it did not have before, be that "something" great or small. The economic law of supply and demand can regulate much more accurately than any tribunal and if the "something" contributed by any inventor is of little significance the public simply will not pay for it.

The admonition of the Supreme Court in the Supermarket case that all meritorious developments are not patentable is not a requirement that the scope or im-

portance of a development must meet some minimum level to be patentable. On the contrary, it points out that even a relatively high level of economic development may not be invention and that the test of invention is not the extent of the achievement but the oft repeated contribution of "something" more than the sum of its parts.

In the Supermarket case the Supreme Court points out that a patent, invalid for lack of invention, would withdraw from the public the right to use old elements in all the ways in which the public knew and had a right to use the elements and this is unquestionably true. But if, under the test of contributing "something" the patentee has shown something, however small, that the public could not do before, a patent on that something takes nothing from the public. They can still do everything with all elements of a combination which they knew how to do before the patent. Assuming as we must a properly worded patent defining the invention, the only thing they can't do is put those elements together in the new way taught for the first time by the patentee. In fact, the public gains because in return for the grant of the patent they learn a new way to get additional benefits from old elements.

SUMMARY

Applying the foregoing comments to the facts of this case, as stated by the Court, we find that the patentee George not only combined a turntable, a cash register support and a discharge counter in a new way but in so doing modified both the discharge counter and the cash register support to obtain a new combination. In that new combination the register support was in a new position and had new advantages (something in addition to the

old function of old register supports). The turntable did more than rotate articles in an arc, it advanced them transversely across the end of a discharge counter to the side of the register support and away from the customer. The discharge counter while it still performed the old function of receiving checked articles, by reason of its modification performed the added function of receiving the articles from the turntable at a point closely alongside the register support.

As a bare minimum the extra added functions, over and above the previously known functions of the components of the check stand, achieved advantages of easier viewing and checking, and less likelihood of articles being missed. The relative level of the economic value of these advantages over prior belt stands may be debated but without argument some advantage was obtained and "something" new was contributed and it was achieved by new cooperation of parts.

The Supreme Court cases cited by the Court require the contribution of "something" by a new coaction and cooperation between the parts of the combination which is more than the sum of the old functions of those parts and this contribution of "something" by new cooperation of parts, resulting in more than the sum of old functions has been stated by the Court to exist in this case.

Neither the Jewel case or the Supermarket case establish, require or authorize a test based on a minimum value or level of improvement over the prior art, provided of course that the prerequisite of some contribution through a new coaction is present. None of the patent cases decided recently by this Court have employed such a test.

It is, therefore, respectfully submitted that the Courts decision in this case is based on an improper test and application of the law applicable to the facts as found by the Court, and that the decision of the Court should be withdrawn. Granting of appellants' Petition for Rehearing is accordingly requested.

Respectfully submitted,

EARL and WEBB,
Attorneys for Appellants.

FRED H. MILLER,
Of Counsel.

CERTIFICATE OF COUNSEL

Under the provisions of Court Rule 23, Austin A. Webb, counsel for appellants in the above entitled action hereby certifies that in his judgment the petition of appellants for rehearing filed herewith is well founded in fact and in law and that it is not interposed for delay.

AUSTIN A. WEBB,
Counsel for Appellants.

Kalamazoo, Michigan,
February 26, 1959.

